

From: [Justin Olson](#)
To: [Myers-Web](#); [LMarquezPeterson-Web](#); [Tovar-Web](#); [Thompson-Web](#); [OConnor-Web](#)
Subject: Utilities" ESG Goals
Date: Monday, October 9, 2023 8:14:51 AM
Attachments: [ESG Letter Justin Olson.pdf](#)

October 9, 2023

Arizona Corporation Commission
1300 W Washington St
Phoenix, AZ 85007

Commissioners,

I respectfully urge you to protect Arizona ratepayers and the reliability of our grid from the threat posed by Environmental, Social, and Governance (ESG) goals and policies that are sweeping the nation and infiltrating industry and government.

It was just two years ago that this Commission was considering renewable energy mandates that would have saddled ratepayers with extraordinary costs^[1], similar to those considered and overwhelmingly rejected by voters in 2018. Thankfully, we too rejected this policy that would have required utilities to generate 100% of their energy production from "renewable" sources, especially in light of an independent study finding it would have cost ratepayers \$6 billion.^[2]

The Commission made the right decision then, ensuring Arizonans had affordable and reliable energy. Unfortunately, the previously proposed and rejected mandates have now been wholly adopted as targets by the utilities. This is no surprise considering utilities openly broadcast their commitment to ESG goals, and radical and costly environmental targets, including the elimination of fossil fuel energy generation by 2050, are inseparable components of ESG.

Beyond these environmental goals, ESG also leads utilities to engage in discriminatory hiring and employment practices typically known as Diversity, Equity, and Inclusion (DEI). These are likely unconstitutional and are outside of the utilities' scope. DEI is bad for employees, and introduces risk of litigation, the cost of which will be borne by ratepayers. Just as the Commission protected utility employees from vaccination requirements, so too should the Commission protect them from discriminatory employment practices.^[3]

The Commission's constitutional obligation is to protect ratepayers by ensuring just and reasonable rates, but the adoption of ESG is incompatible with this requirement. If the Commission does not proactively prohibit the utilities from pursuing these initiatives, utilities

will continue to come back to recover the costs associated with them. It will impact resource planning, every future rate case, and the reliability of our grid.

As a Commissioner, I worked to protect ratepayers by leading efforts to prohibit cost recovery for energy portfolios beyond the least cost alternative.^[4] Unfortunately, that effort, which would have prevented the environmental goals of ESG, failed. However, we did succeed in requiring utilities to include an analysis of a technology agnostic portfolio in their resource planning instead of looking only at plans that meet certain environmental goals.^[5]

Since then, the utilities have only strengthened their commitment to ESG. I strongly urge this Commission, pursuant to your authority and obligation,^[6] to adopt a policy to completely prohibit ESG at the utilities, protecting ratepayers, securing just and reasonable rates, and ensuring Arizonans benefit from abundant, affordable, and reliable energy into the future.

Respectfully,

Justin Olson
Former Corporation Commissioner

^[1] <https://www.azcentral.com/story/opinion/op-ed/2019/05/12/arizona-corporation-commission-renewable-energy-electric-vehicle-biomass/1120379001/>

^[2] <https://docket.images.azcc.gov/E000015052.pdf>

^[3] <https://docket.images.azcc.gov/0000205575.pdf?i=1695143267742>

^[4] <https://docket.images.azcc.gov/E000013197.pdf?i=1629745464138>

^[5] <https://docket.images.azcc.gov/E000017474.pdf?i=1695143021629>

^[6] Article 15, Section 3, Arizona Constitution

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Respectfully,

A handwritten signature in black ink, appearing to read "Justin Olson". The signature is fluid and cursive, with the first name "Justin" being more prominent than the last name "Olson".

Justin Olson
Former Corporation Commissioner

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